

AGENDA ITEM

Audit Committee

DATE: 25th September 2008

Value For Money Strategy

Paul Slocombe - Director Of Resources

PURPOSE OF REPORT

1. For the Audit Committee to consider the Value For Money Strategy.

BACKGROUND

2. In the Use of Resources assessment carried out annually by the Audit Commission, Middlesbrough Council achieved a score of 3 for the value for money element. Feedback from this assessment recognised the Council as one of the top performers in the country comparing savings against budget. In addition to this feedback, over the Spending Review 2004 period (which encompasses the financial years 2004/5 to 2007/8 inclusive), the Council has achieved the following savings:

Backward Look Statement	Cashable		Non-Cashable		Total	
	£	%	£	%	£	%
2004/2005	3,047,000	2.2%	1,092,000	0.8%	4,139,000	3.0%
2005/2006	2,424,000	1.7%	2,369,000	1.7%	4,793,000	3.5%
2006/2007	3,121,000	2.2%	1,556,000	1.1%	4,677,000	3.4%
2007/2008	3,872,606	2.8%	1,189,000	0.9%	5,061,606	3.6%
Total	12,464,606	9.0%	6,206,000	4.5%	18,670,606	13.5%

3. The baseline target for the Spending Review 2004 period for efficiency gains (cashable and non-cashable) to be made by the Council was £10.4million; this is 7.5% of the baseline expenditure of £138.8million. The Council has exceeded this target by £8.3million and achieved total efficiency gains of £18.7million, which is 13.5% of the baseline expenditure.

4. Despite achieving savings well above the target, the Audit Commission identified that to improve further, departments need to have a clearer understanding of the Gershon programme to help identify and target opportunity for efficiency savings.
5. In light of the above and the recent outcomes of the Comprehensive Spending Review 2007, this strategy is intended as a guide for employees for how to achieve value for money. It highlights the importance of efficiency savings in terms of meeting both the national targets (which from 2008/9 at 3% are all cashable) and savings targets in the Council's Medium Term Financial Plan.
6. The strategy is designed to outline how the Council will rise to these challenges whilst continuing to provide effective services for local residents. It will be integrated into existing performance management frameworks and corporate strategies including the Medium Term Financial Plan and the Strategic Plan.
7. In order to fulfil the objectives of the strategy and promote a culture of value for money across all levels of the Council, training is to be implemented over the coming months. This will be available for Heads of Service and budget holders and include practical workshop type exercises focusing on how to improve efficiency across the Council.

FINANCIAL CONSIDERATIONS

8. None.

RECOMMENDATIONS

9. It is recommended that Audit Committee:
 - notes the contents of this report
 - comments on the Value for Money Strategy

REASONS

10. To raise awareness of Audit Committee members.
The Value For Money Strategy is key to achieving the national efficiency targets set by central government and will assist in embedding a value for money culture across the Council.

BACKGROUND PAPERS

- Value for Money Strategy, CMT report 10th July 2008
- Value for Money Strategy, Exec report 22nd July 2008

AUTHOR

Victoria Robertson – Strategic Value For Money Analyst Tel: 729632

Address: PO Box 99A, Town Hall, Middlesbrough. TS1 2QQ
Website: <http://www.middlesbrough.gov.uk>